

BY-LAWS

STEEPLECHASE GARDENHOME OWNERS ASSOCIATION, INC.

(A Texas Non-Profit Corporation)

Travis County, Texas

BY-LAWS

OF

STEEPLECHASE GARDENHOME OWNERS ASSOCIATION, INC.

(A Texas Non-Profit Corporation)

ARTICLE I. NAME

1.1 NAME. The name of the organization shall be STEEPLCHASE GARDENHOME OWNERS ASSOCIATION, INC., hereinafter called "Association".

ARTICLE II. PURPOSE AND OWNER OBLIGATION

2.1 PURPOSE. The purpose for which this non-profit Corporation is formed is to govern the Gardenhomes Community situated in the County of Travis, State of Texas, which Property is described on the attached Exhibit "A", which by this reference is made a part hereof. All the terms, conditions, definitions and covenants of the Declaration for STEEPLCHASE GARDENHOMES, hereinafter referred to as the "Declaration" are incorporated herein by reference for all purposes.

2.2 OWNER OBLIGATION. All present or future owners, tenants, future tenants or any other person who might use the facilities of the Project in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the Gardenhome Units (hereinafter referred to as "Units") of the Project or the mere act of occupancy of any said Units will signify that these By-Laws are accepted, ratified and will be strictly followed.

ARTICLE III. DEFINITIONS AND TERMS

3.1 MEMBERSHIP. Any person on becoming an Owner of a Unit shall automatically become a Member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Unit. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with STEEPLCHASE GARDENHOMES during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association.

3.2 VOTING. Unit ownership shall entitle the Owner(s) to cast one vote per Unit in the affairs of the Association, which vote will be weighted to equal the proportionate share of ownership of the Unit Owner in the Common Elements. Voting shall not be split among more than one Unit Owner. The present number of votes that can be cast by the Unit Owners is 25. The combined weighted votes calculated in accordance with Exhibit "C" to the Declaration of Covenants, Conditions, and Restrictions for STEEPLCHASE GARDENHOMES - 1995 (the "Declaration") shall equal one hundred percent (100%). Cumulative voting is prohibited.

3.3 MAJORITY OF UNIT OWNERS. As used in these By-Laws the term "majority of Unit Owners" shall mean those Owners with over 50% of the votes entitled to be cast.

3.4 QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of Unit Owners" as defined in Paragraph 3.3 of this Article shall constitute a quorum. Unless otherwise provided in the Declaration or these By-Laws, when a quorum of Owners is present at any meeting, a majority vote of the Owners present, either in person or by proxy, shall be sufficient to either defeat or approve any proposed action. If a quorum is not present, the provision of paragraph 4.7 of these By-Laws will control.

3.5 PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE IV. ADMINISTRATION

4.1 DECLARANT CONTROL. Declarant control has lapsed.

4.2 ASSOCIATION RESPONSIBILITIES. The Owners of the Units will constitute the Association of Unit Owners, hereinafter referred to as "Association", who will have the responsibility of administering the Gardenhome Project through a Board of Directors.

4.3 PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meetings.

4.4 ANNUAL MEETINGS. Annual meetings shall be held during the first calendar quarter of each year. At each annual meeting, the Association shall elect Directors in accordance with the requirements of Paragraph 4.6 of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

4.5 SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the Owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds of the Owners present, either in person or by proxy.

4.6 NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to his last known post office address, as shown on the records of the association, by uncertified mail, postage prepaid. Such notice shall be mailed not less than five days nor more than 20 days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at his residence in his absence. If requested, any Mortgagee of record or its designee may be entitled to receive similar notice.

4.7 ADJOURNED MEETING. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting for not less than five days, but not more than 20, and the required quorum at the subsequent meeting shall be 25% of the aggregate votes of the Unit Owners.

4.8 ORDER OF BUSINESS. The order of business at all meetings of the Owners of Units shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of Directors.
- g. Unfinished business.
- h. New business.

ARTICLE V. BOARD OF DIRECTORS

5.1 NUMBER AND QUALIFICATION. The affairs of this Association shall be governed by a Board of Directors composed of three persons.

5.2 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential Gardenhome Project. The Board of Directors may do all such acts and things that are not by these By-Laws, the Articles of Incorporation, or by the Declaration directed to be exercised and done by the Owners.

5.3 OTHER POWERS AND DUTIES. The Board of Directors shall have the following duties:

a. To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Condominium Declaration and these Bylaws.

b. To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of this Gardenhome Project with the further right to amend same from time to time. A copy of such rules and regulation shall be delivered or mailed to each Member promptly upon the adoption thereof.

c. To keep in good order, condition and repair all of the General and Limited Common Elements and all items of personal property used in the enjoyment of the entire Premises.

d. To insure and keep insured all of the insurable General Common Elements of the Property in an amount equal to their maximum replacement value, as provided in the Declaration. Further to obtain and maintain comprehensive liability insurance covering the entire Premises in such amounts as the Board of Directors deems necessary. To insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of the Units and their First Mortgagees. The limits and coverage shall be reviewed at least annually and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. So long as the Federal Home Loan Mortgage Company (FHLMC), Federal National Mortgage Association (FNMA) and Governmental National Mortgage Association (GNMA) is a mortgagee of a Unit in the Project, or owns a Unit therein, the Association shall maintain in effect at least such casualty, flood and liability insurance and a fidelity bond, meeting standards established by FHLMC, FNMA, and GNMA for planned development, as published in the FHLMC, FNMA, and GNMA "Servicer's Guide", or otherwise, except to the extent such requirements shall have been waived in writing by FHLMC, FNMA or GNMA. Workmen's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association.

e. To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

f. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these By-Laws.

g. To protect and defend the entire Premises from loss and damage by suit or otherwise.

h. To borrow funds in order to pay for any expenditure or outlay required pursuant to and authority granted by the provisions of the recorded Declaration, the Articles of Incorporation and these By-Laws; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the Owners in the same proportion as their interest in the Common Elements.

i. To enter into contracts within the scope of their duties and power.

j. To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

k. To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners and any First Mortgagee of a Unit, and to cause a complete audit of the books and accounts by a competent accountant, once each year. The Association shall cause to be prepared and delivered annually to each Owner a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any First Mortgagee of a Unit, on request.

l. To meet at least once each quarter.

m. To designate the personnel necessary for the maintenance and operation of the General and Limited Common Elements.

n. To employ accountants, bookkeepers, architects, attorneys, and other professional services necessary in the operation of the Association.

o. To make available to each Owner, upon request, during normal business hours, current copies of the constituent documents, including the Declaration, By-Laws, and Articles of Incorporation.

p. To grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

q. To purchase, acquire, hold, lease, and/or sell individual units of the Project pursuant to the authority granted by the provisions of the recorded Declaration, the Articles of Incorporation, and these By-Laws and in such situations as the Association deems necessary or useful for the protection of the Owners or operation of the Project; to expend funds and to execute all documents required for the purchase, acquisition, holding, lease, and/or sale of a Unit. This power shall not be construed as a restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her Unit nor as the creation of any right of first refusal.

r. In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the purposes of the Declaration.

5.4 ELECTION AND TERM OF OFFICE. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three years. The persons acting as Directors shall hold office until their successors have been elected and hold their first meeting. No family or household may have more than one director on the board at any one time.

5.5 VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person as elected shall be a Director until a successor is elected at the next annual meeting of the Association. The person elected at the next annual meeting of the Association to replace the vacancy will serve until the expiration of the term of the person whose position was vacated.

5.6 REMOVAL OF DIRECTOR. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

5.7 ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.8 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four such meetings

shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph, at least three days prior to the day named for such meeting. Meetings may be held telephonically or in person.

5.9 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two Directors. The President or Secretary will give three days' personal notice to each Director by mail, telephone or telegraph, which notice shall state the time, place (as above provided) and purpose of the meeting.

5.10 WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.11 BOARD OF DIRECTOR'S QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice.

5.12 FIDELITY BONDS. The Board of Directors shall require that any person handling or responsible for Association funds shall furnish adequate fidelity bonds. The amount shall be written in an amount equal to at least the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all units plus reserve funds.

5.13 COMPENSATION. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE VI. OFFICERS

6.1 DESIGNATION. The officers of the Association shall be a President, Vice President, Secretary/Treasurer and Assistant Secretary, all of whom shall be elected by the Board of Directors and all of whom, except the Assistant Secretary, must live in or own an interest in a Unit.

6.2 ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

6.3 REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

6.4 PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of both the Association and the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the Association.

6.5 VICE PRESIDENT. The Vice President shall have all the powers and authority and perform all of the duties of the President in his absence, or his inability for any reason to exercise such powers and functions or perform such duties, and such other duties as may be required of him from time to time by the Board of Directors or the President.

6.6 SECRETARY/TREASURER.

a. The Secretary/Treasurer shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.

b. The Secretary/Treasurer shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall show opposite each member's name, the number of Members living in the Unit and the parking space and storage space assigned for use in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

c. The Secretary/Treasurer shall have responsibility for the Association funds and shall receive and deposit in appropriate bank accounts designated by the Board of Directors all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to: sign all checks and promissory notes of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors.

ARTICLE VII. MANAGEMENT CONTRACT

7.1 MANAGEMENT COMPANY. The Board of Directors may enter into a management agreement with a management company or managing agent at a rate of compensation agreed upon by the Board of Directors. In accordance with the Declaration and these By-Laws, the management company shall have, but shall not be limited to, the following functions, duties and responsibilities:

a. Fiscal Management.

(1) Prepare annual operating budget detailed to reflect expected operation for each month. This budget is established to show expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures.

(2) Prepare five year sinking fund reserve budget projection for capital expenditures on items recurring only periodically.

(3) Prepare yearly or more frequent operating and cash position statements and statements concerning sinking fund reserve accounts.

(4) Analyze and compare operating receipts and disbursements against the Board-approved budget. Where a significant variation is shown (20% above or below the budgeted amount), prepare explanations of variations from budgeted figures. Suggest corrective recommendations, if applicable.

(5) Collect maintenance fees and special assessments; deposit them in checking, savings or other income producing accounts on behalf of the Board and maintain comprehensive records thereof. Establish individual checking and sinking fund reserve accounts, as directed by the Board.

(6) Mail notices of delinquency to any Owner in arrears, and exert reasonable effort to collect delinquent accounts.

(7) Examine all expense invoices for accuracy and pay all bills in a prompt and timely manner.

(8) Prepare year-end statement of operations for Owners.

- (9) Assist in the yearly audit to be performed by an accountant.

b. Physical Management.

- (1) Assume full responsibility for maintenance and control of Common Area improvements and equipment, and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors.

- (2) Enter into contracts and supervise services for lawn care, refuse hauling, etc., as approved by operating budgets.

- (3) Select, train and supervise competent personnel, as directed by the Board.

- (4) Compile, assemble and analyze data; and prepare specifications and call for bids for major improvement projects. Analyze and compare bids, issue contracts and coordinate the work; maintain close and constant inspection to insure that work is performed according to specifications.

- (5) Perform any other projects with diligence and economy in the Board's best interest.

c. Administrative Management.

- (1) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to Vendors.

- (2) Obtain and analyze bids for insurance coverage specified in By-Laws, recommend modifications or additional coverages. Prepare claims when required and follow up on payment; act as Board's representative in negotiating settlement.

- (3) Exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Resident-Owner relationships.

- (4) Act as liaison for the Association in any negotiations or disputes with local, federal or state taxing agencies or regulatory bodies.

- (5) Exercise close supervision over hours and working conditions of employed personnel to insure compliance with Wage and Hour and Workman's Compensation Laws.

- (6) Assist in resolving individual Owner's problems as they pertain to the Association, Common Elements and governing rules and regulations.

- (7) Represent an absentee Owner when requested.

- (8) Attend quarterly meeting of Board of Directors and provide input to the Board as need or directed by the Board.

- (9) Administer the Project in such a way as to promote a pleasant and harmonious relationship within the complex for all Owners, Residents and Tenants alike.

ARTICLE VIII. INDEMNIFICATION OF OFFICERS AND DIRECTORS

8.1 INDEMNIFICATION. The Association shall indemnify every Director, officer, and managing agent, his heirs, executors and administrators, and successors or assigns, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, officer or managing agent of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such

Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, officer, or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article VIII shall be deemed to obligate the association to indemnify any Member or Owner of a Unit, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration is a Member or Owner of a Unit covered thereby. This Right of Indemnification extends to every director, officer or managing agent whether suit is brought against them in their official capacity or individual capacity.

ARTICLE IX. OBLIGATIONS OF THE OWNERS

9.1 **ASSESSMENTS.** All Owners shall be obligated to pay the monthly assessments imposed by the Association to meet the Common Expenses as defined in the Declaration. The assessments shall be made pro rata according to the proportionate share of the Unit Owner in and to the Common Elements and shall be due monthly in advance. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these By-Laws, only if he is current in the assessments made or levied against him and the Unit owned by him.

9.2 **MAINTENANCE AND REPAIR.**

a. Every Owner must perform promptly at his own expense all maintenance and repair work within his own Unit as required by the Declaration.

b. The Association shall perform its repair and maintenance obligations as provided by the Declaration.

c. An Owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any General or Limited Common Element damaged by his negligence or by the negligence of his tenants or agents, or the Owner's failure to maintain those items of which the Owner is responsible for maintenance.

9.3 (omitted).

9.4 **GENERAL.**

a. Each Owner shall comply strictly with the provisions of the Declaration, the Articles of Incorporation and these By-Laws and amendments and supplements thereto.

b. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Project was built.

9.5 **USE OF GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.** Each Owner may use the General Common Elements and the Limited Common Elements in accordance with the purposes for which they were intended.

9.6 **USE OF UNITS - INTERNAL CHANGES.**

a. All Units shall be utilized for residential purposes only.

b. An Owner shall not make structural modifications or alterations to his Unit or installation located therein except as approved by the Board.

9.7 **RIGHT OF ENTRY.** The Association's right of entry shall be as provided in the Declaration.

9.8 DESTRUCTION OR OBSOLESCENCE. Each Owner shall, if necessary, execute a power of attorney in favor of the Association, irrevocably appointing the Association his Attorney In Fact to deal with the Owner's Unit upon its destruction, obsolescence or condemnation, as is provided in Paragraph 6.1 of the Declaration.

ARTICLE X. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

10.1 ABATEMENT AND ENJOINMENT. The violation of any rule or regulation promulgated by the Board of Directors, or the breach of any By-Law, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent, the right, in addition to any other rights set forth therein, (a) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespassing, and to expel, remove and put out same, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefor; and (b) enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XI. RIGHTS OF ACTION

11.1 RIGHTS. The Association and any aggrieved Unit Owner shall have an appropriate right of action against Unit Owners for failure to comply with the provisions of the Declaration and these By-Laws, or with decisions of the Association which are made pursuant thereto. Any Unit Owner shall have similar rights of action against the Association.

ARTICLE XII. AMENDMENTS TO PLAN OF OWNERSHIP

12.1 BY-LAWS.

These By-Laws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by Owners representing at least 67% of the aggregate ownership interest of the Units except for those amendments provided for in Article VIII of the Declaration which shall require the approval of Owners and Mortgagees as provided therein. In no event shall the By-Laws be amended to conflict with the Declaration. In the event of a conflict between the two documents, the Declaration shall control.

ARTICLE XIII. MORTGAGES

13.1 NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a Mortgagee of a Unit, report any unpaid assessments due from the Owner of such Unit.

ARTICLE XIV. COMPLIANCE

14.1 LEGAL REQUIREMENTS. If any of these By-Laws conflict with the provisions of any applicable statute, it is hereby agreed and accepted that the provisions of the statute will apply.

ARTICLE XV. NON-PROFIT ASSOCIATION

15.1 NON-PROFIT PURPOSE. This Association is not organized for profit. No Unit Owner, Member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Member of the Board of Directors; provided, however, always, (1) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one (1) or more of the purposes of the Association and (2) that any Member of the Board of Directors may,

from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVI. PRINCIPAL OFFICE

16.1 ADDRESS. The principal office of the Association shall be located at the address of the management company managing the Association.

ARTICLE XVII. EXECUTION OF INSTRUMENTS

17.1 AUTHORIZED AGENTS. The persons who shall be authorized to execute any and all documents shall be the President and the Secretary/Treasurer of the Association.